

**SIOUX COUNTY, IOWA  
Independent Auditors' Report  
Financial Statements  
And  
Supplemental Information  
Schedule of Findings  
June 30, 2009**

# SIoux COUNTY, IOWA

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## FINANCIAL SECTION

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# SIoux COUNTY, IOWA

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## SIOUX COUNTY, IOWA

### County Officials

Name	Title	Term Expires
Mark Sybesma	Board of Supervisors	January, 2013
Al Bloemendaal	Board of Supervisors	January, 2013
Dennis Wright	Board of Supervisors	January, 2011
Arlyn Kleinwolterink	Board of Supervisors	January, 2011
John Degen	Board of Supervisors	January, 2013
Lois Huitink	County Auditor	January, 2013
Randall Jacobsma	County Treasurer	January, 2011
Anita Van Bruggen	County Recorder	January, 2011
Dan Altena	County Sheriff	January, 2013
Coleman McAllister	County Attorney	January, 2011
Ross Simmelink	County Assessor	January, 2014



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P.O. Box 1010  
Le Mars, IA 51031  
Phone (712) 546-7801  
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## INDEPENDENT AUDITORS' REPORT

Board of Supervisors  
Sioux County, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of SIOUX COUNTY, IOWA (the County) as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the County. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Sioux County, Iowa as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2010 on our consideration of Sioux County, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information, and schedule of funding progress for the retiree health plan are not required parts of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sioux County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. The accompanying combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
February 2, 2010

# SIoux COUNTY, IOWA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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SIoux COUNTY PROVIDES THIS MANAGEMENT'S DISCUSSION AND ANALYSIS OF ITS FINANCIAL STATEMENTS. THIS NARRATIVE OVERVIEW AND ANALYSIS OF THE FINANCIAL ACTIVITIES IS FOR THE FISCAL YEAR ENDED JUNE 30, 2009. WE ENCOURAGE READERS TO CONSIDER THIS INFORMATION IN CONJUNCTION WITH THE COUNTY'S FINANCIAL STATEMENTS, WHICH FOLLOW.

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### 2009 FINANCIAL HIGHLIGHTS

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- The assets of the County exceeded its liabilities at the close of FY09 by \$53,723,687 (net assets). Of this amount, \$5,245,368 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors.
  - Sioux County's total net assets increased by \$3,894,884 from FY08.
  - As of the close of FY09, Sioux County governmental funds reported combined ending fund balances of \$19,100,918, a decrease of \$3,395,057 in comparison with the prior year.
  - At the end of FY09, unreserved fund balance for the general fund was \$3,632,618, or 47% of total general fund expenditures.
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### USING THIS ANNUAL REPORT

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The annual report consists of a series of financial statements as well as other requirements as follows:

**Management's Discussion and Analysis** introduces the basic financial statements and provides an analytical overview of the government's financial activities.

The **Government-wide Financial Statements** consist of a statement of net assets and a statement of activities. These provide information about the activities of Sioux County as a whole and present an overall view of the County's finances.

The **Fund Financial Statements** tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report Sioux County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Sioux County acts solely as an agent or custodian for the benefit of those outside of the government.

**Notes to the Financial Statements** provide more detailed data and explain some of the information in the financial statements.

**Required Supplementary Information** further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting a schedule of funding progress for the retiree health plan.

**Other Supplementary Information** provides detailed information about the nonmajor governmental and individual agency funds.

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## REPORTING THE COUNTY AS A WHOLE

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### The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the County's finances is "Is the County as a whole better off or worse off as a result of the year's activities?" The statement of net assets and the statement of activities report information about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting used by most private sector companies. All of the current year's revenues and expenditures are taken into account regardless of when cash is received or paid.

The **statement of net assets** presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **statement of activities** presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are displayed in the statement of net assets and the statement of activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, interest on long-term debt and capital projects. Property tax and state and federal grants finance most of these activities.

### Fund Financial Statements

The **fund financial statements** provide detailed information about individual, significant funds, not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

The county has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds include: 1) the General Fund, 2) the Special Revenue funds such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.



The governmental funds required financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balance.

A summary reconciliation between the government-wide financial statements and the governmental fund financial statements follows the governmental fund financial statements.

- 2) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the government's own programs. These fiduciary funds include agency funds that account for emergency management services and the county assessor to name a few.

The fiduciary funds required financial statements include a statement of fiduciary assets and liabilities.

- 3) A proprietary fund accounts for the County's partial funding of health insurance deductibles in an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The proprietary fund required financial statements include a statement of net assets, a statement of revenues, expenses, and changes in fund net assets and a statement of cash flows.

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## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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As noted earlier, net assets may serve over time as a useful indicator of financial position. Sioux County's net assets for FY09 totaled \$53,723,687. This compares to FY08 at \$49,828,803. The analysis that follows focuses on the components of net assets for the governmental activities.

### Net Assets of Governmental Activities

	2009	2008
Current and other assets	\$ 28,335,823	\$ 30,947,701
Capital assets	47,775,483	40,805,349
Total Assets	76,111,306	71,753,050
Long-term liabilities outstanding	12,764,214	13,194,616
Other liabilities	9,623,405	8,729,631
Total liabilities	22,387,619	21,924,247
Net assets:		
Invested in capital assets, net of related debt	38,591,611	36,013,948
Restricted	9,886,708	8,400,752
Unrestricted	5,245,368	5,414,103
Total net assets	<b>\$ 53,723,687</b>	<b>\$ 49,828,803</b>

The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. A portion of the County's net assets (18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$5,245,368) may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the year, the County is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

The County's net assets increased \$3,894,884 during the current year. This increase is attributable to the efficient operations of the activities of the County.

**Governmental Activities** – Governmental activities increased the County's net assets by \$3,894,884. Key elements of this increase are as follows:

<b>Changes in Net Assets of Governmental Activities</b>		
	<b>2009</b>	<b>2008</b>
Revenues:		
Program revenues:		
Charges for service and sales	\$ 1,888,082	\$ 1,972,615
Operating grants and contributions	7,189,797	7,183,380
Capital grants and contributions	2,998,124	242,273
General revenues:		
State Tax Credits	348,228	352,306
Local Option Sales Tax	1,348,818	1,290,773
Property tax	6,844,606	7,000,877
Interest and penalties on taxes	50,584	42,897
Unrestricted intergovernmental revenues	-	906
Unrestricted investment earnings	546,364	816,341
Gain on sale of assets	4,724	42,838
Miscellaneous	66,739	190,466
Total revenues	<b>21,286,066</b>	<b>19,135,672</b>
Program expenses:		
Public safety and legal services	3,527,954	3,382,199
Physical health and social services	1,688,368	1,800,043
Mental health	2,369,563	2,512,789
County environment and education	831,217	860,570
Roads and transportation	5,868,545	6,277,294
Government services to residents	835,199	799,485
Administration or general government	1,697,789	1,618,493
Non-Program Services	17,577	39,409
Interest on long-term debt	554,970	443,332
Total expenses	<b>17,391,182</b>	<b>17,733,314</b>
Increase in net assets	3,894,884	1,402,358
Net assets July 1	49,828,803	48,426,445
Net assets June 30	<b>\$ 53,723,687</b>	<b>\$ 49,828,803</b>

- Capital grants and contributions increased due to an approximate \$2 million increase in farm to market revenue.
- Property tax revenue decreased due to property tax rates decreasing by .41093 per thousand dollars of taxable valuation.
- Unrestricted investment earnings decreased primarily due to the decrease in interest rates.

For the most part, decreases in expenses closely paralleled the budgeted decreases. The public safety and general government functions saw increases due to normal cost of living increases, and the government services to residents function saw an increase due to increased election expenses.

## INDIVIDUAL MAJOR FUND ANALYSIS

As Sioux County completed the year, its governmental funds reported a combined fund balance of \$19,100,918.

The General Fund, as the operating fund of Sioux County, ended FY09 with a balance of \$3,711,832. The General Fund ending fund balance in FY08 was \$4,017,125. This represents a decrease of \$305,293 due primarily the decrease in property tax rates.

The MH/DD Fund ended FY09 with a balance of \$1,025,824. The ending fund balance for FY08 was \$318,622. This represents an increase of \$707,202. The MH/DD Fund is entirely determined by state mandated formulas. The increase is attributed to an approximate \$500,000 increase in funds from the state with a slight decrease in expenditures.

The Rural Services Fund ended FY09 with a balance of \$2,486,654. The ending fund balance for FY08 was \$2,003,366. This represents an increase of \$483,288. The Rural Service Fund was budgeted for approximately \$280,000 surplus. Local option sales tax came in \$100,000 more than budgeted while expenses stayed consistent with prior year.

The Secondary Road Fund ended FY09 with a balance of \$6,051,357. The ending fund balance for FY08 was \$5,704,904. This represents an increase of \$346,453, which is due to the 16% decrease in capital project disbursements.

The Debt Service Fund ended FY09 with a balance of \$3,617,512. The ending fund balance for FY08 was \$3,640,941. This represents a decrease of \$23,429.

The Urban Renewal Capital Project Fund ended FY09 with a balance of \$220,349. The ending fund balance for FY08 was \$4,820,086. This represents a decrease of \$4,599,737. The capital project has neared completion which is the reason for the decrease in fund balance.

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## **BUDGETARY HIGHLIGHTS**

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Over the course of the year, Sioux County amended its budget three times. The first amendment was made in January 2009 and resulted in an increase in budgeted disbursements related to capital projects for the acquisition of land. The second and third amendments were made on May 12, 2009 and June 16, 2009. These amendments were made to provide for additional expenditures in public safety, county environment and education, and capital projects.

The County's receipts were \$1,043,641 more than budgeted, a variance of 5.7%. The most significant variance resulted from the County receiving more interest than anticipated.

Total disbursements were \$2,179,932 less than the amended budget. Actual disbursements for the roads and transportation, capital projects, and physical health and social services functions were \$906,530, \$472,728 and \$393,728, respectively, less than budgeted. This was primarily due to decreases in project expenses.

Even with the budget amendments, the County exceeded the budgeted amounts in the government services to residents and debt service functions for the year ended June 30, 2009.

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## CAPITAL ASSETS AND DEBT ADMINISTRATION

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### Capital Assets

At the end of FY09, Sioux County had \$47,775,483 invested in capital assets.

Capital Assets of Governmental Activities at Year End		
	2009	2008
Land	\$ 2,737,387	\$ 1,724,902
Buildings and improvements	9,816,822	9,728,204
Equipment	11,591,424	11,301,905
Infrastructure	50,660,129	45,876,881
Construction in Progress	2,861,648	322,877
Totals	\$ 77,667,410	\$ 68,954,769

The County had depreciation expense of \$2,909,181 for the year ended June 30, 2009 and total accumulated depreciation at June 30, 2009 of \$29,891,927. Additional information on the County's capital assets can be found in Note 5 of the financial statements.

### Debt

Sioux County is assigned an **A1** rating from Moody's Rating Committee for its General Obligation Bonds.

At the end of FY09 Sioux County had bonded indebtedness of \$13,070,000. The bonded indebtedness at the end of FY08 was \$13,345,000. General obligation debt relates to the issuance of general obligation bonds for the Public Safety Center construction which continues to decrease as scheduled principal payments are made. Additional information on the County's long term debt can be found in Note 6 of the financial statements.

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## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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Sioux County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 3.8% versus 3.4% a year ago. This is lower than the State's unemployment rate of 6.6% and the national rate of 10.0%.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI decrease was 0.2% for 2008 compared with the national increase of 0.2%. Inflation has been modest here due in part to the slowing of the residential housing market and increases in energy prices.

These indicators were taken into account when adopting the budget for fiscal year 2010. Amounts available for appropriation in the operating budget are \$25,033,618, an increase of 11% over the final 2009 budget. Property tax (benefiting from increases in assessed valuations) and grant receipts (boosted by increased State funding in several of our current programs) are expected to lead this increase. Sioux County will use these increases in receipts to finance programs we currently offer and offset the effect we expect inflation to have on program costs. Capital Project expenditures for a road improvement project west of Sioux Center accounted for a \$2,366,303 increase in the 2010 budget.

If these estimates are realized, the County's budgetary operating balance is expected to modestly increase by the close of 2010.

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## **CONTACTING THE COUNTY'S FINANCIAL MANAGER**

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This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Sioux County finances, and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

**Lois Huitink  
Sioux County Auditor  
210 Central Avenue SW  
Orange City, Iowa 51041  
(712) 737-2216**

### **SIOUX COUNTY BOARD OF SUPERVISORS:**

**Mark Sybesma   John Degen   Dennis Wright   Arlyn Kleinwolterink   Al Bloemendaal**

**SIOUX COUNTY, IOWA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and Pooled Investments	\$ 13,793,773
Receivables:	
Property Tax	21,817
Future Property Tax	7,753,929
Accrued Interest	21,687
Accounts	32,309
Notes	319,795
Due from Other Governmental Agencies	812,242
Deferred Charges	89,408
Inventories	1,781,805
Prepaid Expenses	124,654
Restricted Assets:	
Cash and Cash Equivalents	211
Investments	3,584,193
Land	2,737,387
Construction in Progress	2,861,648
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	42,176,448
Total Assets	<u>76,111,306</u>
<b>LIABILITIES</b>	
Accounts Payable	853,030
Due to Other Governmental Agencies	26,040
Deferred Revenue - Future Property Tax	7,753,929
Accrued Interest Payable	73,552
Salaries and Benefits Payable	247,028
Long Term Liabilities	
Due within one year:	
General Obligation Bonds	485,000
Compensated Absences	184,826
Due in more than one year:	
General Obligation Bonds	12,585,000
Compensated Absences	123,218
Net OPEB Liability	55,996
Total Liabilities	<u>22,387,619</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	38,591,611
Restricted for:	
Specific Revenues	2,809,527
Mental Health Purposes	1,025,824
Secondary Roads Purposes	6,051,357
Unrestricted	5,245,368
Total Net Assets	<u>\$ 53,723,687</u>

See Accompanying Notes to Financial Statements

**SIoux COUNTY, IOWA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2009**

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<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>
<b>Primary Government:</b>		
Governmental Activities:		
Public safety and legal services	\$ 3,527,954	\$ 922,869
Physical health and social services	1,688,368	20,731
Mental health	2,369,563	817
County environment and education	831,217	82,749
Roads and transportation	5,868,545	119,974
Government services to Residents	835,199	632,889
Administration	1,697,789	41,246
Non-program services	17,577	66,807
Interest on long-term debt	554,970	
Total governmental activities	<u>\$ 17,391,182</u>	<u>\$ 1,888,082</u>

Program Revenues		Net (Expense) Revenue and Changes in Net Assets
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
\$ 76,753		\$ (2,528,332)
1,309,583		(358,054)
2,046,700		(322,046)
40,204	\$ 684,150	(24,114)
3,716,557	2,313,974	281,960
		(202,310)
		(1,656,543)
		49,230
		(554,970)
<u>\$ 7,189,797</u>	<u>\$ 2,998,124</u>	<u>(5,315,179)</u>

General Revenues:

Property taxes levied for:	
General purposes	6,358,432
Debt service	486,174
Interest and penalties on taxes	50,584
State tax credits	348,228
Local option sales tax	1,348,818
Unrestricted investment earnings	546,364
Gain on Sale of Assets	4,724
Miscellaneous	66,739
Total general revenues	<u>9,210,063</u>
Change in net assets	<u>3,894,884</u>
Net assets - beginning	<u>49,828,803</u>
Net assets - ending	<u>\$ 53,723,687</u>



**SIOUX COUNTY, IOWA**  
**BALANCE SHEET**  
**Governmental Funds**  
**JUNE 30, 2009**

	General	Mental Health	Rural Services
<b>Assets</b>			
Cash and Pooled Investments	\$ 3,773,285	\$ 1,301,561	\$ 2,294,629
Receivables:			
Property Tax	20,610	686	205
Future Property Tax	4,128,813	1,016,906	1,647,472
Accrued Interest	17,609		
Accounts	7,455	7,553	50
Notes			
Due from Other Governmental Agencies	103,720	8,211	202,073
Inventories			
Restricted Assets:			
Cash and Cash Equivalents			
Investments			
Prepaid Expenses	79,214		
Total Assets	<u>8,130,706</u>	<u>2,334,917</u>	<u>4,144,429</u>
<b>Liabilities and Equity</b>			
Liabilities:			
Accounts Payable	112,439	261,707	54
Due to Other Governmental Agencies		25,790	
Deferred Revenue - Future Property Tax	4,128,813	1,016,906	1,647,472
Deferred Revenue	20,610	686	205
Salaries and Benefits Payable	157,012	4,004	10,044
Total Liabilities	<u>4,418,874</u>	<u>1,309,093</u>	<u>1,657,775</u>
Fund Balances:			
Reserved for:			
Debt Service			
Inventories			
Prepaid Expenses	79,214		
Long-term notes			
Unreserved for:			
General Fund	3,632,618		
Special Revenue Fund		1,025,824	2,486,654
Capital Project Fund			
Total Fund Balances	<u>3,711,832</u>	<u>1,025,824</u>	<u>2,486,654</u>
Total Liabilities and Equity	<u>\$ 8,130,706</u>	<u>\$ 2,334,917</u>	<u>\$ 4,144,429</u>

See Accompanying Notes to Financial Statements

Secondary Roads	Debt Service	Urban Renewal Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 4,061,590	\$ 33,608	\$ 424,368	\$ 1,663,517	\$ 13,552,558
	316			21,817
	585,042		375,696	7,753,929
			4,078	21,687
17,251				32,309
			319,795	319,795
306,138			184,150	804,292
1,781,805				1,781,805
	211			211
	3,584,193			3,584,193
45,440				124,654
6,212,224	4,203,370	424,368	2,547,236	27,997,250
84,649	500	204,019	184,150	847,518
250				26,040
	585,042		375,696	7,753,929
	316			21,817
75,968				247,028
160,867	585,858	204,019	559,846	8,896,332
	3,617,512			3,617,512
1,781,805				1,781,805
45,440				124,654
			319,795	319,795
				3,632,618
4,224,112			1,667,595	9,404,185
		220,349		220,349
6,051,357	3,617,512	220,349	1,987,390	19,100,918
\$ 6,212,224	\$ 4,203,370	\$ 424,368	\$ 2,547,236	\$ 27,997,250

See Accompanying Notes to Financial Statements

**SIOUX COUNTY, IOWA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

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*Amounts reported for governmental activities in the statement of net assets are different because:*

Total Fund Balance - Governmental Funds (page 17)			\$ 19,100,918
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.			47,775,483
The internal service fund used by management to charge the costs of self-insured health is included in the statement of net assets.			187,657
Deferred revenues from the balance sheet that provide current financial resources for governmental activities.			21,817
Accrued expenses from the balance sheet that require current financial resources for governmental activities.			(73,552)
Deferred charges related to bonds issued are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.			89,408
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
	General Obligation Bonds	\$(13,070,000)	
	Compensated Absences	<u>(308,044)</u>	<u>(13,378,044)</u>
Total Net Assets - Governmental Activities (page 13)			<u><u>\$ 53,723,687</u></u>

**SIOUX COUNTY, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
**For the Year Ended June 30, 2009**

	<b>General</b>	<b>Mental Health</b>	<b>Rural Services</b>
Revenue:			
Property and other county taxes	\$ 3,713,624	\$ 971,767	\$ 2,830,694
Interest and penalties on taxes	50,584		
Intergovernmental	2,398,812	2,096,365	99,006
Licenses and permits			
Charges for services	722,278	817	27,967
Use of money and property	337,548		2,916
Miscellaneous	132,598	7,500	
Total Revenue	<u>7,355,444</u>	<u>3,076,449</u>	<u>2,960,583</u>
Expenditures:			
Current operating:			
Public safety and legal services	2,886,668		595,479
Physical health and social services	1,690,163		
Mental Health		2,369,247	
County environment and education	500,581		301,833
Roads and transportation	55,000		
Government services to residents	680,536		2,250
Administration	1,818,582		
Non-program services	30,987		
Capital projects			
Debt service:			
Principal			
Interest			
Total Expenditures	<u>7,662,517</u>	<u>2,369,247</u>	<u>899,562</u>
Excess (deficiency) of revenues over expenditures	<u>(307,073)</u>	<u>707,202</u>	<u>2,061,021</u>
Other financing sources (uses):			
Sale of Capital Assets	1,780		
Transfers in			
Transfers (out)			(1,577,733)
Total other financing sources (uses)	<u>1,780</u>	<u>-</u>	<u>(1,577,733)</u>
Net Change in Fund Balances	(305,293)	707,202	483,288
Fund balances - beginning of year	4,017,125	318,622	2,003,366
Increase in Reserve for Inventory			
Fund balances - end of year	<u>\$ 3,711,832</u>	<u>\$ 1,025,824</u>	<u>\$ 2,486,654</u>

See Accompanying Notes to Financial Statements

Secondary Roads	Debt Service	Urban Renewal Capital Projects	Other Governmental Funds	Total Governmental Funds
	\$ 486,174		\$ 188,188	\$ 8,190,447
				50,584
\$ 3,716,557	22,084		712,030	9,044,854
9,545				9,545
			63,283	814,345
21,000	161,724		50,983	574,171
128,199			13,541	281,838
3,875,301	669,982	-	1,028,025	18,965,784
			3,546	3,485,693
				1,690,163
				2,369,247
			311	802,725
4,442,799				4,497,799
			5,377	688,163
				1,818,582
				30,987
711,866		4,599,737	842,332	6,153,935
	275,000			275,000
	598,411			598,411
5,154,665	873,411	4,599,737	851,566	22,410,705
(1,279,364)	(203,429)	(4,599,737)	176,459	(3,444,921)
9,045				10,825
1,577,733	180,000			1,757,733
			(180,000)	(1,757,733)
1,586,778	180,000	-	(180,000)	10,825
307,414	(23,429)	(4,599,737)	(3,541)	(3,434,096)
5,704,904	3,640,941	4,820,086	1,990,931	22,495,975
39,039				39,039
\$ 6,051,357	\$ 3,617,512	\$ 220,349	\$ 1,987,390	\$ 19,100,918

See Accompanying Notes to Financial Statements

**SIOUX COUNTY, IOWA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2009**

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*Amounts reported for governmental activities in the statement of activities are different because:*

Net change in fund balances - total governmental funds (page 20)	\$(3,434,096)
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Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 9,915,707	
Depreciation expense	<u>(2,909,181)</u>	7,006,526

In the Statement of Activities, the loss on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the sale as an increase in financial resources.	(36,392)
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Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, they are as follows:	2,977
Property tax	

The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities:	(6,444)
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Internal service funds are used by management to fund and maintain the City's health insurance provided to user departments and are included in the statement of net assets. The net revenue of the internal service fund is reported with governmental activities.	(5,106)
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Accrued interest expense that does not require current financial resources.	49,885
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Current year repayments are, as follows:

Repayments of long-term debt	275,000
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Compensated Absences that do not require current financial resources.	3,495
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Inventories in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding net asset is exhausted.	<u>39,039</u>
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Change in net assets of governmental activities (page 15)	<u><u>\$ 3,894,884</u></u>
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**SIOUX COUNTY, IOWA**  
**STATEMENT OF NET ASSETS**  
**Governmental Activities - Internal Service Fund**  
**JUNE 30, 2009**

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**ASSETS**

**Current Assets**

Cash and Pooled Investments	\$ 241,215
Receivables:	
Due from Other Governments	<u>7,950</u>
<b>Total Assets</b>	<u>249,165</u>

**LIABILITIES**

**Current Liabilities**

Accounts Payable	<u>5,512</u>
<b>Total Current Liabilities</b>	<u>5,512</u>

**Noncurrent Liabilities**

Net OPEB Liability	<u>55,996</u>
<b>Total Noncurrent Liabilities</b>	<u>55,996</u>
<b>Total Liabilities</b>	<u>61,508</u>

**NET ASSETS**

Unrestricted	<u>\$ 187,657</u>
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**SIOUX COUNTY, IOWA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**Governmental Activities - Internal Service Fund**  
**For the Year Ended June 30, 2009**

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<b>Operating revenues:</b>	
Reimbursements from operating funds	\$ 122,460
Reimbursement from employees	677
<b>Total operating revenue</b>	<u>123,137</u>
<b>Operating expenses:</b>	
Claims paid	61,117
Administrative fees	12,997
Other post employment benefits	55,996
<b>Total operating expenses</b>	<u>130,110</u>
<b>Operating (Loss)</b>	(6,973)
<b>Nonoperating income:</b>	
Interest on investments	<u>1,867</u>
<b>Net (Loss)</b>	<u>(5,106)</u>
<b>Change in Net Assets</b>	(5,106)
<b>Net assets - beginning</b>	<u>192,763</u>
<b>Net assets - ending</b>	<u><u>\$ 187,657</u></u>



**SIOUX COUNTY, IOWA**  
**STATEMENT OF CASH FLOWS**  
**Governmental Activities - Internal Service Fund**  
**For the Year Ended June 30, 2009**

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**Cash flows from operating activities:**

Cash received from employer/employee contributions	\$ 115,186
Cash payments for insurance premiums and services	<u>(73,221)</u>
<b>Net cash provided by operating activities</b>	<b>41,965</b>

**Cash flows from investing activities:**

Interest on investments	<u>1,867</u>
<b>Net increase in cash and cash equivalents</b>	<b>43,832</b>

Cash and pooled investments - beginning of year	<u>197,383</u>
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Cash and pooled investments - end of year	<u><u>\$ 241,215</u></u>
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Reconciliation of operating income to net cash used in  
operating activities:

Operating (loss)	\$ (6,973)
Change in assets and liabilities:	
(Increase) in Due from Other Governments	(7,950)
Increase in Accounts Payable	892
Increase in Other Post Employment Benefits	<u>55,996</u>
<b>Net cash provided by operating activities</b>	<b><u><u>\$ 41,965</u></u></b>

**SIOUX COUNTY, IOWA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**Agency Funds**  
**JUNE 30, 2009**

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**ASSETS**

Cash and Pooled Investments	\$	1,691,773
Receivables:		
Property Tax		22,516
Future Property Tax		32,131,695
Accounts		44,012
Assessments		61,178
Due from Other Governments		27,473
Total Assets		<u>33,978,647</u>

**LIABILITIES**

Accounts Payable		9,407
Due to Other Governments		33,909,281
Salaries and Benefits Payable		22,694
Compensated Absences		37,265
Total Liabilities	\$	<u>33,978,647</u>

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Sioux County, Iowa is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

The more significant accounting policies established under GAAP and used by the County are discussed below.

- A. Reporting Entity – For financial reporting purposes, Sioux County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Sioux County Assessor's Conference Board, Sioux County Emergency Management Commission, Sioux County Public Safety Commission, the Sioux County Civil Service Commission, and Sioux County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County. The County Board of Supervisors also are members of the Sioux County Revolving Loan Fund. This fund is reported as a special revenue fund in these financial statements. Sioux County is also a member of a 28E agreement with the Northwest Iowa Area Solid Waste Agency.

- B. Basic Financial Statements – Government-Wide Statements – The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements contain only governmental activities. The County's Public Safety and Legal Services, Physical Health and Social Services, County Environment and Education, and Government Services to Residents are classified as governmental activities. The County's internal service fund is classified as a primarily governmental type activity.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County. In the government-wide Statement of Net Assets, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County first uses restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions (administration, law enforcement, courts, roads, etc.). The functions are also supported by general government revenues (property taxes, fines, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The County does not allocate indirect costs. Certain expenses of the County are accounted for through the internal service fund on a cost-reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities.

- C. Basis of Presentation – Fund Accounting – The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in the governmental activities category. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria for the determination of major funds. The County electively added funds, as major funds, which had a specific county focus. The nonmajor funds are combined in a column in the fund financial statements.

Governmental Fund Types – The focus of the governmental funds' measurement (in the fund statements) is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The County reports the following major governmental funds.

- 1) General Fund - The general fund is the general operating fund of the County. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

2) Special Revenue Funds

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing the County outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

3) Capital Project Fund

The Urban Renewal Capital Projects Fund is used to account for accumulation of resources for construction on the Urban Renewal District 1 Project Area.

4) Debt Service Fund

The Debt Service Fund is utilized to account for the payment of interest and principal on the County's general long-term debt.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles used are those applicable to similar businesses in the private sector. The County reports the following proprietary fund:

Internal Service Fund – Accounts for the County's partial self-funded insurance plan for health insurance. The County's internal service fund is presented as a proprietary fund financial statement. The users of the internal services are the County's governmental activities therefore the statement of net assets is consolidated into the government-wide statement of net assets. To the extent possible, the cost of these services is reported in the appropriate functional activity.

Fiduciary Fund Types – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support County programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide statements.

The agency funds of the County account for the property taxes levied by political subdivisions within the County, collections of those amounts by the county, and the remittance of the collected amounts to the subdivisions.

- D. Basis of Accounting – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual accounting is used for all activities in the government-wide financial statements and for the proprietary and fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

Expenditures are recorded when the related fund liability is incurred. An exception to this general rule is that principal and interest on general obligation debt, if any, is recognized when due.

Those revenues susceptible to accrual are property taxes and intergovernmental revenues. Licenses, fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the County’s internal service fund is charges to customers for sales and services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

- E. Budgets – The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements exceeded the amount budgeted in the government services to residents and the debt service functions.
- F. Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. The County has defined cash and cash equivalents to include cash on hand and demand deposits. In addition, each fund’s equity in the County’s investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. The County uses the following method in determining the reported amounts:

Type	Method
Certificates of Deposit	Cost
U.S. Treasury Notes	Based upon quoted market prices
Iowa Public Agency Investment Trust	Fair value determined by current share prices

- G. Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied. For agency funds, as no revenues are recorded, the amounts are reflected as being due to other governments.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2008.

- H. Assessments Receivable – Assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten or more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Assessments receivable represents assessments, which are due and payable in the next year but have not been collected and are recorded in a fiduciary fund of the County.
- I. Due to/from Other Funds – During the course of operations numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.
- J. Due to/from Other Governments – Due to/from other governments represents state tax credits due from the State of Iowa, various shared revenues, grants, and reimbursements receivable and taxes and other revenues collected by the County which will be remitted to other governments.
- K. Inventories – Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Reported inventories in the fund financial statements are equally offset by a fund balance reserve, which indicates that they are not available to liquidate current obligations.
- L. Compensated Absences – County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, and Secondary Roads Funds.
- M. Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

- N. Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable not collected within sixty days after year-end as well as unspent grant proceeds.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

- O. Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of \$5,000 for buildings and structures and machinery and equipment and in excess of \$25,000 for infrastructure. Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

Buildings and Structures	10 – 50 Years
Infrastructure	10 – 65 Years
Machinery and Equipment	3 – 20 Years

**NOTE 2 - DEPOSITS AND POOLED INVESTMENTS**

The County's deposits in banks at June 30, 2009 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trust; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2009 the County had the following investments:

<u>Type</u>	<u>Maturity</u>	<u>Credit Risk</u>	<u>Fair Value</u>
U.S. Treasury Notes	Various	Not Applicable	\$3,584,193

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$3,400,078 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

The County also has certificates of deposits as of June 30, 2009 with various maturities extending no later than August 2009.

*Custodial Credit Risk:* The County has no policy regarding custodial credit risk and deposits with financial institutions, however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

*Interest Rate Risk:* The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and uses of the County.



**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**NOTE 2 - DEPOSITS AND POOLED INVESTMENTS – (CONTINUED)**

*Concentration of Credit Risk:* The County's investment policy places limits on the amount that may be invested in any one issuer. At the time of purchase, no more than five (5) percent of the investment portfolio of Sioux County shall be invested in the securities of a single issuer. The County's investment in the U.S. Treasuries is not subject to concentration of credit risk as the U.S. Treasuries represent U.S. government issued debt.

Cash and Pooled Investments

The County pools the resources of each individual fund's available cash in order to obtain higher rates of return than could be if the funds were invested individually. The cash and pooled investments at June 30, 2009 consisted of the following:

Reconciliation to the Financial Statements:

	<u>Carrying Amount</u>
Investments	\$ 6,984,270
Demand Deposits	10,159,681
Time Deposits	1,925,000
Cash on Hand	1,000
	<u>19,069,950</u>
Unrestricted:	
Cash and Pooled Investments - Governmental Activities	13,793,773
Cash and Pooled Investments - Agency Funds	1,691,773
Restricted:	
Cash-Governmental Activities	211
Investments-Governmental Activities	3,584,193
	<u>\$ 19,069,950</u>

**NOTE 3 - NOTES RECEIVABLE**

Sioux County Revolving Loan Fund - During the year ended June 30, 1989 the Sioux County Revolving Loan Fund was incorporated. The purpose of the corporation is to promote economic development in Sioux County. During the year ended June 30, 2009, the County made no contributions to the Sioux County Revolving Loan Fund. The County records the loan activity of this corporation in a Special Revenue Fund.

The proceeds from the businesses remain in the Sioux County Revolving Loan Fund for future loans to other businesses. Loan repayments totaled \$375,187 during the year ended June 30, 2009. The loans are secured by real estate mortgages and personal guarantees of the business owners.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

**NOTE 3 - NOTES RECEIVABLE (CONTINUED)**

**Loans by the Sioux County Revolving Loan Fund are as follows:**

Loaned to	Date of Loan	Original Loan Amount	Interest Rate	Term Of Loan	Monthly Payment	Loan Balance June 30, 2009
Quality Machine Products, Inc.	November 1, 2001	\$ 9,167	6.30	5 yrs.	178	\$ 177
	August 23, 2002	29,167	6.30	4 yrs.	798	794
	March 31, 2005	5,833	6.30	5yrs.	114	2,253
	October 6, 2006	65,000	5.064	4.5 yrs.	1,344	34,284
	June 26, 2009	52,500	3.0	5 yrs.	944	52,500
Revival Animal Health	January 28, 2003	100,000	3.80	7 yrs.	1,358	10,635
Midwest Enrg Flakes, Inc.	August 4, 2003	50,000	3.80	7 yrs.	679	9,281
Siouxland Fabricating	December 6, 2006	50,000	5.775	5 yrs.	961	26,797
TEC Industries, LLC	February 1, 2005	100,000	3.325	5 yrs.	1,811	14,312
Rock Mills	January 15, 2009	37,500	3.15	5 yrs.	1,354	32,962
Harbor Group	November 16, 2006	100,000	5.904	5 yrs.	1,646	61,120
M – K Distributing	December 6, 2006	100,000	5.775	5 yrs.	1,927	74,680
		<u>\$ 699,167</u>				<u>\$ 319,795</u>

**NOTE 4 - INTERFUND TRANSFERS**

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

	Secondary Roads	Debt Service	Total Transfer Out
Rural Services	\$ 1,577,733	\$ -	\$ 1,577,733
Nonmajor Governmental	-	180,000	180,000
Transfer In	<u>\$ 1,577,733</u>	<u>\$ 180,000</u>	<u>\$ 1,757,733</u>

Transfers were used to:

1. Move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

**NOTE 5 - CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,724,902	\$ 1,012,485	\$ -	\$ 2,737,387
Construction in Progress	322,877	2,861,648	322,877	2,861,648
Total capital assets not being depreciated	<u>2,047,779</u>	<u>3,874,133</u>	<u>322,877</u>	<u>5,599,035</u>
Capital assets being depreciated:				
Buildings	9,728,204	94,118	5,500	9,816,822
Equipment	11,301,905	656,085	366,566	11,591,424
Infrastructure	45,876,881	5,614,248	831,000	50,660,129
Total capital assets being depreciated	<u>66,906,990</u>	<u>6,364,451</u>	<u>1,203,066</u>	<u>72,068,375</u>
Less: Accumulated Depreciation for:				
Buildings	3,964,281	170,858	5,225	4,129,914
Equipment	6,701,606	659,427	330,449	7,030,584
Infrastructure	17,483,533	2,078,896	831,000	18,731,429
Total Accumulated Depreciation	<u>28,149,420</u>	<u>2,909,181</u>	<u>1,166,674</u>	<u>29,891,927</u>
Total capital assets being depreciated, net	<u>38,757,570</u>	<u>3,455,270</u>	<u>36,392</u>	<u>42,176,448</u>
Governmental activities capital assets, net	<u>\$ 40,805,349</u>	<u>\$ 7,329,403</u>	<u>\$ 359,269</u>	<u>\$ 47,775,483</u>

Depreciation expense was charged to the functions as follows:

Public Safety and Legal Services	\$ 191,042
Physical Health and Social Services	4,139
County Environment and Education	38,025
Roads and Transportation	2,512,413
Government Services to Residents	147,047
Administration	11,447
Non-Program	5,068
	<u>\$ 2,909,181</u>

**Reconciliation of Invested in Capital Assets:**

	<b>Governmental Activities</b>
Land	\$ 2,737,387
Construction in Progress	2,861,648
Capital Assets (net of accumulated depreciation)	42,176,448
Less: General Obligation Bonds Payable, Net of unspent capital debt	<u>(9,183,872)</u>
Invested in Capital Assets, Net of Related Debt	<u>\$ 38,591,611</u>

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

**NOTE 6 - LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	<b>General Obligation Bonds</b>	<b>Compensated Absences</b>	<b>Total</b>
Balance Beginning of Year	\$ 13,345,000	\$ 311,539	\$ 13,656,539
Increases	-	183,428	183,428
Decreases	275,000	186,923	461,923
Balance End of Year	<u>\$ 13,070,000</u>	<u>\$ 308,044</u>	<u>\$ 13,378,044</u>
Due Within One Year	<u>\$ 485,000</u>	<u>\$ 184,826</u>	<u>\$ 669,826</u>

In March 2002, the County issued \$6,000,000 General Obligation Bonds to acquire land and build, equip and furnish a Public Safety Center. These bonds have an average interest rate of 4.64% and mature May 1, 2022.

In March 2007, the County issued \$3,625,000 of General Obligation Refunding Capital Loan Notes in a crossover advance refunding of the 2002 General Obligation Bonds. The 2007 bonds have an average interest rate of 3.87% and the 2002 bonds being refunded have an average interest rate of 4.64%. The net proceeds from this issuance were used to purchase U.S. government securities and were deposited in an escrow account with Bankers Trust Company. As of June 30, 2009 the amount in escrow was \$3,584,404. This amount will be used to refund the remaining \$3,570,000 of the 2002 bonds on May 1, 2012 when these notes become callable. The assets deposited with the escrow agent are shown as a restricted asset in the County's Debt Service Fund. As a result of this refunding the County will reduce its debt service payments over the next fifteen years by \$133,095, and obtain an economic gain of \$81,327.

In March 2008, the County authorized the issuance of \$5,000,000 General Obligation Capital Loan Notes for the purpose of paying costs of aiding in the planning, undertaking and carrying out of the Urban Renewal District 1 Project Area project, including road improvements. These bonds have an average interest rate of 3.73% and mature June 1, 2027.

Annual debt service requirements to maturity are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2010	\$ 485,000	\$ 536,891	\$ 1,021,891
2011	505,000	517,908	1,022,908
2012	4,095,000	498,841	4,593,841
2013	575,000	311,625	886,625
2014	595,000	290,313	885,313
2015-2019	3,350,000	1,098,218	4,448,218
2020-2024	2,385,000	476,100	2,861,100
2025-2027	1,080,000	95,482	1,175,482
	<u>\$ 13,070,000</u>	<u>\$ 3,825,378</u>	<u>\$ 16,895,378</u>

\$3,617,512 is available in the Debt Service Fund to service the General Obligation Bonds. The general obligation bonds are to be retired through property tax levies.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**NOTE 7 - PENSION AND RETIREMENT**

Iowa Public Employees Retirement System - The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.10% of their annual covered salary and the County is required to contribute 6.35% of annual covered salary for the year ended June 30, 2009. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$344,451, \$309,928 and \$285,611, respectively, equal to the required contributions for each year.

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Sioux County implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* during the year ended June 30, 2009.

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 131 active and 2 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage, which is a partially self-funded medical plan, is administered by BlueCross BlueShield. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established any may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contributions (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 62,181
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>62,181</u>
Contributions made	<u>(6,185)</u>
Increase in net OPEB obligation	55,996
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	<u>\$ 55,996</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (CONTINUED)**

For the year ended June 30, 2009, the County contributed \$6,185 to the medical plan.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 62,181	9.9%	\$ 55,996

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$428,640, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$428,640. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,973,000 and the ratio of the UAAL to covered payroll was 8.62%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 8%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1.0% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were based on 75% for employees currently electing coverage and 0% for employees currently waiving coverage.

Projected claim costs of the medical plan are \$923 per month for retirees less than age 65 and \$490 per month for retirees who have attained age 65. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**NOTE 9 - RISK MANAGEMENT**

Sioux County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 620 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2009 were \$248,350.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$200,000 per claim. Claims exceeding \$200,000 are reinsured in an amount not to exceed \$2,000,000 per claim and \$7,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$7,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2009, no liability has been recorded in the County's financial statements. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**NOTE 9 - RISK MANAGEMENT - (CONTINUED)**

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County also participates in the Iowa Municipalities Workers' Compensation Association (IMWCA) for workman's compensation insurance.

**NOTE 10 - CONTINGENCY**

The County receives significant financial assistance from the U.S. government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of June 30, 2009, the County estimates that no material liabilities will result from such audits.

The County is a defendant in a number of lawsuits in its normal course of operations. The outcome of these lawsuits is not presently determinable and an estimate of possible losses cannot be made.

**NOTE 11 - CONSTRUCTION COMMITMENT**

The County has entered into several construction contracts totaling \$2,852,047 for bridge and culvert construction and roadway paving. As of June 30, 2009, \$2,289,583 had been incurred against the contracts. The balance of \$562,464 will be paid as work on the projects progress.

**NOTE 12 - FUND BALANCE DESIGNATIONS**

The Board had originally designated \$300,000 of the Rural Services Fund Balance, including all interest earned on the original designation to be used to assist cities in the purchase of new ambulances. The balance remaining of the designation at June 30, 2009 is \$268,078.

This designation is included in unreserved fund balances in the government-wide financial statements and in the applicable fund financial statements.

**NOTE 13 - PARTIALLY SELF-FUNDED HEALTH INSURANCE PLAN**

The Sioux County Partially Self-Funded (PSF) Health Insurance Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with TPA, Ltd. The agreement is subject to automatic renewal provisions. The County assumes liability for out-of-pocket maximums of \$1,000 for single individuals and \$2,000 for family coverage.

Monthly payments of service fees and plan contributions to the Sioux County PSF Health Insurance Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to TPA, Ltd. from the Sioux County PSF Health Insurance Fund. The County records the plan assets and related liabilities of the Sioux County PSF Health Insurance Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2009 was \$122,460.

Amounts payable from the PSF Health Insurance Fund at June 30, 2009 total \$5,512 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on estimates of the amounts necessary to pay current year claims. A liability has been established based on the requirements of



**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**NOTE 13 - PARTIALLY SELF-FUNDED HEALTH INSURANCE PLAN - (CONTINUED)**

Government Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

	<u>2009</u>	<u>2008</u>
Unpaid claims, beginning of year	\$ 4,620	\$ 7,093
Incurred claims (including IBNR's)	62,009	69,463
Claim Payments	<u>(61,117)</u>	<u>(71,936)</u>
Unpaid claims, end of year	<u>\$ 5,512</u>	<u>\$ 4,620</u>

**NOTE 14 - GUARANTEED DEBT**

Sioux County is a member of a 28E agreement with the Northwest Iowa Area Solid Waste Agency. Sioux County has provided a Local Government Guarantee as specified in IAC 567-111.6(8) for the Agency. The current closure and/or postclosure cost estimates being assured through the Local Government Guarantee by Sioux County are as follows:

Closure cost to be assured:	\$ 14,528
Postclosure cost to be assured:	\$222,472

## REQUIRED SUPPLEMENTARY INFORMATION

**SIoux COUNTY, IOWA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET**  
**AND ACTUAL - ALL GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Amended		
Revenue:				
Property and other county taxes	\$ 8,054,926	\$ 8,054,926	\$ 8,185,554	\$ 130,628
Interest and penalties on taxes	10,000	10,000	50,584	40,584
Intergovernmental	8,181,317	8,865,317	9,092,485	227,168
Licenses and permits	4,500	4,500	9,600	5,100
Charges for services	677,833	677,833	817,492	139,659
Use of money and property	468,000	468,000	873,881	405,881
Miscellaneous	213,430	213,430	308,051	94,621
Total Revenue	17,610,006	18,294,006	19,337,647	1,043,641
Expenditures:				
Current operating:				
Public safety and legal services	3,499,008	3,551,104	3,451,773	99,331
Physical health and social services	2,117,515	2,117,515	1,723,787	393,728
Mental Health	2,734,182	2,734,182	2,428,991	305,191
County environment and education	839,280	861,280	812,932	48,348
Roads and transportation	5,491,400	5,491,400	4,584,870	906,530
Government services to residents	757,531	757,531	775,632	(18,101)
Administration	1,946,749	1,946,749	1,781,364	165,385
Non-program services	42,700	42,700	31,179	11,521
Debt service	531,968	531,968	736,697	(204,729)
Capital projects	3,445,075	6,279,075	5,806,347	472,728
Total Expenditures	21,405,408	24,313,504	22,133,572	2,179,932
Excess (Deficiency) of revenues over expenditures:	(3,795,402)	(6,019,498)	(2,795,925)	3,223,573
Other financing sources (uses):				
Transfers in	1,767,733	1,767,733	1,781,733	14,000
Transfers out	(1,767,733)	(1,767,733)	(1,781,733)	(14,000)
Issuance of bonds	50,000	50,000	-	(50,000)
Proceeds of Fixed Asset Sales	1,500	1,500	10,830	9,330
Total other financing sources (uses)	51,500	51,500	10,830	(40,670)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (3,743,902)</u>	<u>\$ (5,967,998)</u>	<u>(2,785,095)</u>	<u>\$ 3,182,903</u>
Balance beginning of year			19,922,057	
Balance end of year			<u>\$ 17,136,962</u>	

**SIOUX COUNTY, IOWA**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2009**

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service Fund and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$2,908,096. The budget amendments are reflected in the final budget amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During fiscal year 2009, disbursements exceeded the amounts budgeted in the government services to residents and the debt service functions.

As noted previously, the actual results of operations are presented in accordance with U.S. generally accepted accounting principles which differ in certain respects from those practices used in the preparation of the 2008-09 budget. For purposes of preparing the budget comparison above, the actual expenses have been adjusted to the cash basis which is consistent with the County's budgeted expenditures. The adjustments required to convert the expenses to cash basis at the end of year are as follows:

<b>Governmental Funds</b>			
	<b>Cash Basis</b>	<b>Total Accrual Adjustments</b>	<b>Modified Accrual Basis</b>
Revenues	\$ 19,337,647	\$ (371,863)	\$ 18,965,784
Expenditures	22,133,572	277,133	22,410,705
Net	(2,795,925)	(648,996)	(3,444,921)
Other Financing Sources (Uses)	10,830	(5)	10,825
Beginning Fund Balance	19,922,057	2,573,918	22,495,975
Increase in Reserve for Inventory	-	39,039	39,039
Ending Fund Balance	<u>\$ 17,136,962</u>	<u>\$ 1,963,956</u>	<u>\$ 19,100,918</u>

**SIOUX COUNTY, IOWA**  
**Schedule of Funding Progress for the**  
**Retiree Health Plan**

**Required Supplementary Information**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	-	\$ 428,640	\$ 428,640	0.00%	\$4,972,856	8.62%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

## **OTHER SUPPLEMENTARY INFORMATION**

**SIOUX COUNTY, IOWA**  
**COMBINING BALANCE SHEET**  
**Governmental Nonmajor Funds**  
**JUNE 30, 2009**

	Special Revenue Funds			
	Recorder's Records Management Fund	Federal Revenue Sharing	Sioux County Revolving Loan Fund	Attorney's Forfeiture Fund
<b>Assets</b>				
Cash and Pooled Investments	\$ 46,131	\$ 139,329	\$ 1,320,175	\$ 12,139
Receivables:				
Future Property Tax				
Accrued Interest			4,078	
Notes			319,795	
Due from Other Governmental Agencies				
<b>Total Assets</b>	<u>46,131</u>	<u>139,329</u>	<u>1,644,048</u>	<u>12,139</u>
<b>Liabilities and Equity</b>				
<b>Liabilities:</b>				
Accounts Payable				
Deferred Revenue - Future Property Tax				
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
Reserved for:				
Long-term notes			319,795	
Unreserved for:				
Special Revenue Fund	46,131	139,329	1,324,253	12,139
<b>Total Fund Balances</b>	<u>46,131</u>	<u>139,329</u>	<u>1,644,048</u>	<u>12,139</u>
<b>Total Liabilities and Equity</b>	<u>\$ 46,131</u>	<u>\$ 139,329</u>	<u>\$ 1,644,048</u>	<u>\$ 12,139</u>

Special Revenue Funds					
Sheriff's Forfeiture Fund	Resource Enhancement and Protection	Conservation Land Acquisition	Urban Renewal District #1	Total	
\$ 8,330	\$ 48,318	\$ 74,066	\$ 15,029	\$	1,663,517
			375,696		375,696
					4,078
					319,795
		184,150			184,150
8,330	48,318	258,216	390,725		2,547,236
		184,150			184,150
			375,696		375,696
-	-	184,150	375,696		559,846
					319,795
8,330	48,318	74,066	15,029		1,667,595
8,330	48,318	74,066	15,029		1,987,390
\$ 8,330	\$ 48,318	\$ 258,216	\$ 390,725	\$	2,547,236



**SIOUX COUNTY, IOWA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2009**

	Special Revenue Funds			
	Recorder's Records Management Fund	Federal Revenue Sharing	Sioux County Revolving Loan Fund	Attorney's Forfeiture Fund
Revenue:				
Property and other county taxes				
Intergovernmental				
Charges for services	\$ 9,456			
Use of money and property	463	\$ 2,581	\$ 44,996	\$ 122
Miscellaneous				1,681
Total Revenue	9,919	2,581	44,996	1,803
Expenditures:				
Current operating:				
Public safety and legal services				423
County environment and education				
Government services to residents	2,807		2,570	
Capital projects				
Total Expenditures	2,807	-	2,570	423
Excess (Deficiency) of revenues over expenditures	7,112	2,581	42,426	1,380
Other financing sources (uses):				
Transfers (out)				
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balances	7,112	2,581	42,426	1,380
Fund balances - beginning of year	39,019	136,748	1,601,622	10,759
Fund balances - end of year	\$ 46,131	\$ 139,329	\$ 1,644,048	\$ 12,139

Special Revenue Funds				
Sheriff's Forfeiture Fund	Resource Enhancement and Protection	Conservation Land Acquisition	Urban Renewal District #1	Total
			\$ 188,188	\$ 188,188
	\$ 23,225	\$ 684,150	4,655	712,030
		53,827		63,283
\$ 43	356	1,910	512	50,983
6,720	5,040	100		13,541
6,763	28,621	739,987	193,355	1,028,025
3,123				3,546
		311		311
				5,377
		842,332		842,332
3,123	-	842,643	-	851,566
3,640	28,621	(102,656)	193,355	176,459
			(180,000)	(180,000)
-	-	-	(180,000)	(180,000)
3,640	28,621	(102,656)	13,355	(3,541)
4,690	19,697	176,722	1,674	1,990,931
\$ 8,330	\$ 48,318	\$ 74,066	\$ 15,029	\$ 1,987,390

**SIOUX COUNTY, IOWA**  
**COMBINING SCHEDULE OF NET ASSETS**  
**Agency Funds**  
**For the Year Ended June 30, 2009**

	County Recorder	County Sheriff	Agricultural Extension	County Assessor
<b>ASSETS</b>				
Cash and Pooled Investments		\$ 195,686	\$ 1,958	\$ 130,341
Receivables:				
Property Tax			123	257
Future Property Tax			189,200	356,310
Accounts	\$ 592			
Assessments				
Due from Other Governments				
Total Assets	592	195,686	191,281	486,908
<b>LIABILITIES</b>				
Accounts Payable		2,961		232
Due to Other Governments	592	192,725	191,281	460,709
Salaries and Benefits Payable				8,191
Compensated Absences				17,776
Total Liabilities	\$ 592	\$ 195,686	\$ 191,281	\$ 486,908

Schools	Area Schools	Corporations	Townships	City Special Assessments	Auto License and Use Tax
\$ 168,127	\$ 7,776	\$ 96,685	\$ 8,913	\$ 2,893	\$ 707,363
10,738	488	10,874	36		
17,777,584	755,306	12,775,917	274,085		
				61,178	
17,956,449	763,570	12,883,476	283,034	64,071	707,363
17,956,449	763,570	12,883,476	283,034	64,071	707,363
\$17,956,449	\$ 763,570	\$ 12,883,476	\$ 283,034	\$ 64,071	\$ 707,363

(continued)

**SIOUX COUNTY, IOWA**  
**COMBINING SCHEDULE OF NET ASSETS - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2009**

	<b>Tax In Advance</b>	<b>Emergency Management Services</b>	<b>Brucellosis and Tuberculosis Eradication</b>	<b>Public Safety Agency</b>
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 62,339	\$ 64,356	\$ 40	\$99,172
Receivables:				
Property Tax				
Future Property Tax			3,293	
Accounts				
Assessments				
Due from Other Governments		15,610		
Total Assets	62,339	79,966	3,333	99,172
<b>LIABILITIES</b>				
Accounts Payable		645		610
Due to Other Governments	62,339	76,167	3,333	67,724
Salaries and Benefits Payable		2,395		12,108
Compensated Absences		759		18,730
Total Liabilities	\$ 62,339	\$ 79,966	\$ 3,333	\$99,172

Disposal Agency	E-911	Treasurer's Trust Fund	Recorder E-Commerce	Flexible Benefits	Total
\$ 29,734	\$ 105,920		\$ 1,757	\$ 8,713	\$ 1,691,773
					22,516
					32,131,695
	40,990			2,430	44,012
					61,178
	11,863				27,473
29,734	158,773	-	1,757	11,143	33,978,647
	877			4,082	9,407
29,734	157,896		1,757	7,061	33,909,281
					22,694
					37,265
\$ 29,734	\$ 158,773	\$ -	\$ 1,757	\$ 11,143	\$ 33,978,647

**SIOUX COUNTY, IOWA**  
**Combining Schedule of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2009**

	Balance July 1, 2008	Addi- tions	Deduc- tions	Balance June 30, 2009
<b>County Recorder</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ -	\$ 635,580	\$ 635,580	\$ -
Accounts Receivable	211	592	211	592
Total Assets	<u>211</u>	<u>636,172</u>	<u>635,791</u>	<u>592</u>
<u>Liabilities</u>				
Due to Other Governments	<u>211</u>	<u>636,172</u>	<u>635,791</u>	<u>592</u>
Total Liabilities	<u>211</u>	<u>636,172</u>	<u>635,791</u>	<u>592</u>
<b>County Sheriff</b>				
<u>Assets</u>				
Cash and Pooled Investments	<u>298,579</u>	<u>1,225,138</u>	<u>1,328,031</u>	<u>195,686</u>
Total Assets	<u>298,579</u>	<u>1,225,138</u>	<u>1,328,031</u>	<u>195,686</u>
<u>Liabilities</u>				
Accounts Payable	3,493	2,961	3,493	2,961
Due to Other Governments	<u>295,086</u>	<u>1,222,177</u>	<u>1,324,538</u>	<u>192,725</u>
Total Liabilities	<u>298,579</u>	<u>1,225,138</u>	<u>1,328,031</u>	<u>195,686</u>
<b>Agricultural Extension Education</b>				
<u>Assets</u>				
Cash and Pooled Investments	1,941	183,029	183,012	1,958
Property Tax Receivable	111	123	111	123
Future Property Tax	<u>182,995</u>	<u>189,200</u>	<u>182,995</u>	<u>189,200</u>
Total Assets	<u>185,047</u>	<u>372,352</u>	<u>366,118</u>	<u>191,281</u>
<u>Liabilities</u>				
Due to Other Governments	<u>185,047</u>	<u>372,352</u>	<u>366,118</u>	<u>191,281</u>
Total Liabilities	<u>185,047</u>	<u>372,352</u>	<u>366,118</u>	<u>191,281</u>
<b>County Assessor</b>				
<u>Assets</u>				
Cash and Pooled Investments	72,837	383,625	326,121	130,341
Property Tax Receivable	244	257	244	257
Future Property Tax	<u>382,317</u>	<u>356,310</u>	<u>382,317</u>	<u>356,310</u>
Total Asset	<u>455,398</u>	<u>740,192</u>	<u>708,682</u>	<u>486,908</u>
<u>Liabilities</u>				
Accounts Payable	415	232	415	232
Due to Other Governments	431,236	713,993	684,520	460,709
Salaries and Benefits Payable	7,870	8,191	7,870	8,191
Compensated Absences	<u>15,877</u>	<u>17,776</u>	<u>15,877</u>	<u>17,776</u>
Total Liabilities	<u>\$ 455,398</u>	<u>\$ 740,192</u>	<u>\$ 708,682</u>	<u>\$ 486,908</u>

(Continued)

**SIOUX COUNTY, IOWA**  
**Combining Schedule of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2009**

	Balance July 1, 2008	Addi- tions	Deduc- tions	Balance June 30, 2009
<b>Schools</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ 161,017	\$ 15,452,812	\$ 15,445,702	\$ 168,127
Property Tax Receivable	9,348	10,738	9,348	10,738
Future Property Tax	15,450,360	17,777,584	15,450,360	17,777,584
Total Assets	<u>15,620,725</u>	<u>33,241,134</u>	<u>30,905,410</u>	<u>17,956,449</u>
<u>Liabilities</u>				
Due to Other Governments	<u>15,620,725</u>	<u>33,241,134</u>	<u>30,905,410</u>	<u>17,956,449</u>
Total Liabilities	<u>15,620,725</u>	<u>33,241,134</u>	<u>30,905,410</u>	<u>17,956,449</u>
<b>Area Schools</b>				
<u>Assets</u>				
Cash and Pooled Investments	7,548	743,535	743,307	7,776
Property Tax Receivable	430	488	430	488
Future Property Tax	743,400	755,306	743,400	755,306
Total Assets	<u>751,378</u>	<u>1,499,329</u>	<u>1,487,137</u>	<u>763,570</u>
<u>Liabilities</u>				
Due to Other Governments	<u>751,378</u>	<u>1,499,329</u>	<u>1,487,137</u>	<u>763,570</u>
Total Liabilities	<u>751,378</u>	<u>1,499,329</u>	<u>1,487,137</u>	<u>763,570</u>
<b>Corporations</b>				
<u>Assets</u>				
Cash and Pooled Investments	59,816	12,506,520	12,469,651	96,685
Property Tax Receivable	8,620	10,874	8,620	10,874
Future Property Tax	12,491,837	12,775,917	12,491,837	12,775,917
Total Assets	<u>12,560,273</u>	<u>25,293,311</u>	<u>24,970,108</u>	<u>12,883,476</u>
<u>Liabilities</u>				
Due to Other Governments	<u>12,560,273</u>	<u>25,293,311</u>	<u>24,970,108</u>	<u>12,883,476</u>
Total Liabilities	<u>12,560,273</u>	<u>25,293,311</u>	<u>24,970,108</u>	<u>12,883,476</u>
<b>Townships</b>				
<u>Assets</u>				
Cash and Pooled Investments	3,628	277,590	272,305	8,913
Property Tax Receivable	44	36	44	36
Future Property Tax	277,727	274,085	277,727	274,085
Total Assets	<u>281,399</u>	<u>551,711</u>	<u>550,076</u>	<u>283,034</u>
<u>Liabilities</u>				
Due to Other Governments	<u>281,399</u>	<u>551,711</u>	<u>550,076</u>	<u>283,034</u>
Total Liabilities	<u>\$ 281,399</u>	<u>\$ 551,711</u>	<u>\$ 550,076</u>	<u>\$ 283,034</u>

(continued)



**SIOUX COUNTY, IOWA**  
**Combining Schedule of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2009**

	Balance July 1, 2008	Addi- tions	Deduc- tions	Balance June 30, 2009
<b>City Special Assessments</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ 3,776	\$ 88,004	\$ 88,887	\$ 2,893
Assessments Receivable	70,059	61,178	70,059	61,178
Total Assets	<u>73,835</u>	<u>149,182</u>	<u>158,946</u>	<u>64,071</u>
<u>Liabilities</u>				
Due to Other Governments	<u>73,835</u>	<u>149,182</u>	<u>158,946</u>	<u>64,071</u>
Total Liabilities	<u>73,835</u>	<u>149,182</u>	<u>158,946</u>	<u>64,071</u>
<b>Auto License and Use Tax</b>				
<u>Assets</u>				
Cash and Pooled Investments	<u>665,182</u>	<u>7,696,972</u>	<u>7,654,791</u>	<u>707,363</u>
Total Assets	<u>665,182</u>	<u>7,696,972</u>	<u>7,654,791</u>	<u>707,363</u>
<u>Liabilities</u>				
Due to Other Governments	<u>665,182</u>	<u>7,696,972</u>	<u>7,654,791</u>	<u>707,363</u>
Total Liabilities	<u>665,182</u>	<u>7,696,972</u>	<u>7,654,791</u>	<u>707,363</u>
<b>Tax In Advance</b>				
<u>Assets</u>				
Cash and Pooled Investments	<u>86,367</u>	<u>-</u>	<u>24,028</u>	<u>62,339</u>
Total Assets	<u>86,367</u>	<u>-</u>	<u>24,028</u>	<u>62,339</u>
<u>Liabilities</u>				
Due to Other Governments	<u>86,367</u>	<u>-</u>	<u>24,028</u>	<u>62,339</u>
Total Liabilities	<u>86,367</u>	<u>-</u>	<u>24,028</u>	<u>62,339</u>
<b>Emergency Management Services</b>				
<u>Assets</u>				
Cash and Pooled Investments	30,801	185,499	151,944	64,356
Due from Other Governments	15,219	15,610	15,219	15,610
Total Assets	<u>46,020</u>	<u>201,109</u>	<u>167,163</u>	<u>79,966</u>
<u>Liabilities</u>				
Accounts Payable	1,799	645	1,799	645
Salaries and Benefits Payable	1,754	2,395	1,754	2,395
Due to Other Governments	41,667	197,310	162,810	76,167
Compensated Absences	800	759	800	759
Total Liabilities	<u>\$ 46,020</u>	<u>\$ 201,109</u>	<u>\$ 167,163</u>	<u>\$ 79,966</u>

(continued)

**SIOUX COUNTY, IOWA**  
**Combining Schedule of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2009**

	Balance July 1, 2008	Addi- tions	Deduc- tions	Balance June 30, 2009
<b>Brucellosis and Tuberculosis Eradication</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ 554	\$ 3,699	\$ 4,213	\$ 40
Future Property Tax	3,613	3,293	3,613	3,293
Total Assets	<u>4,167</u>	<u>6,992</u>	<u>7,826</u>	<u>3,333</u>
<u>Liabilities</u>				
Due to Other Governments	4,167	6,992	7,826	3,333
Total Liabilities	<u>4,167</u>	<u>6,992</u>	<u>7,826</u>	<u>3,333</u>
<b>Public Safety Agency</b>				
<u>Assets</u>				
Cash and Pooled Investments	63,553	380,206	344,587	99,172
Total Assets	<u>63,553</u>	<u>380,206</u>	<u>344,587</u>	<u>99,172</u>
<u>Liabilities</u>				
Accounts Payable	188	610	188	610
Salaries and Benefits Payable	9,774	12,108	9,774	12,108
Due to Other Governments	37,222	348,758	318,256	67,724
Compensated Absences	16,369	18,730	16,369	18,730
Total Liabilities	<u>63,553</u>	<u>380,206</u>	<u>344,587</u>	<u>99,172</u>
<b>Disposal Agency</b>				
<u>Assets</u>				
Cash and Pooled Investments	29,734	-	-	29,734
Total Assets	<u>29,734</u>	<u>-</u>	<u>-</u>	<u>29,734</u>
<u>Liabilities</u>				
Due to Other Governments	29,734	-	-	29,734
Total Liabilities	<u>29,734</u>	<u>-</u>	<u>-</u>	<u>29,734</u>
<b>E-911</b>				
<u>Assets</u>				
Cash and Pooled Investments	149,775	170,112	213,967	105,920
Accounts Receivable	24,434	40,990	24,434	40,990
Due from Other Governments	10,144	11,863	10,144	11,863
Total Assets	<u>184,353</u>	<u>222,965</u>	<u>248,545</u>	<u>158,773</u>
<u>Liabilities</u>				
Accounts Payable	65	877	65	877
Due to Other Governments	184,288	222,088	248,480	157,896
Total Liabilities	<u>\$ 184,353</u>	<u>\$ 222,965</u>	<u>\$ 248,545</u>	<u>\$ 158,773</u>

(Continued)

**SIOUX COUNTY, IOWA**  
**Combining Schedule of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2009**

	Balance July 1, 2008	Addi- tions	Deduc- tions	Balance June 30, 2009
<b>Treasurer's Trust Fund</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ -	\$ 154,841	\$ 154,841	\$ -
Total Assets	<u>-</u>	<u>154,841</u>	<u>154,841</u>	<u>-</u>
<u>Liabilities</u>				
Due to Other Governments	-	154,841	154,841	-
Total Liabilities	<u>-</u>	<u>154,841</u>	<u>154,841</u>	<u>-</u>
<b>Recorder E-Commerce</b>				
<u>Assets</u>				
Cash and Pooled Investments	757	10,222	9,222	1,757
Total Assets	<u>757</u>	<u>10,222</u>	<u>9,222</u>	<u>1,757</u>
<u>Liabilities</u>				
Due to Other Governments	757	10,222	9,222	1,757
Total Liabilities	<u>757</u>	<u>10,222</u>	<u>9,222</u>	<u>1,757</u>
<b>Flexible Benefits</b>				
<u>Assets</u>				
Cash and Pooled Investments	-	69,357	60,644	8,713
Accounts Receivable	7,827	2,430	7,827	2,430
Total Assets	<u>7,827</u>	<u>71,787</u>	<u>68,471</u>	<u>11,143</u>
<u>Liabilities</u>				
Accounts Payable	-	4,082	-	4,082
Due to Other Governments	7,827	67,705	68,471	7,061
Total Liabilities	<u>\$ 7,827</u>	<u>\$ 71,787</u>	<u>\$ 68,471</u>	<u>\$ 11,143</u>

(Continued)

**SIOUX COUNTY, IOWA**  
**Combining Schedule of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2009**

	Balance July 1, 2008	Addi- tions	Deduc- tions	Balance June 30, 2009
<b>Total All Agency Funds</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ 1,635,865	\$ 40,166,741	\$ 40,110,833	\$ 1,691,773
Receivables:				
Property Tax	18,797	22,516	18,797	22,516
Future Property Tax	29,532,249	32,131,695	29,532,249	32,131,695
Accounts	32,472	44,012	32,472	44,012
Assessments	70,059	61,178	70,059	61,178
Due from Other Governments	25,363	27,473	25,363	27,473
Total Assets	<u>31,314,805</u>	<u>72,453,615</u>	<u>69,789,773</u>	<u>33,978,647</u>
<u>Liabilities</u>				
Accounts Payable	5,960	9,407	5,960	9,407
Due to Other Governments	31,256,401	72,384,249	69,731,369	33,909,281
Salaries and Benefits Payable	19,398	22,694	19,398	22,694
Compensated Absences	33,046	37,265	33,046	37,265
Total Liabilities	<u>\$ 31,314,805</u>	<u>\$ 72,453,615</u>	<u>\$ 69,789,773</u>	<u>\$ 33,978,647</u>

**SIOUX COUNTY, IOWA****Schedule of Revenues By Source and Expenditures By Function - All Governmental Funds  
For the Last Seven Years**

	<b>Modified Accrual Basis of Accounting</b>		
	<b>2009</b>	<b>2008</b>	<b>2007</b>
Revenue:			
Property and other county tax	\$ 8,190,447	\$ 8,263,411	\$ 8,057,588
Interest and penalty on property tax	50,584	42,897	36,091
Intergovernmental	9,044,854	8,489,666	7,730,963
Licenses and permits	9,545	8,620	6,765
Charges for services	814,345	764,009	742,796
Use of money and property	574,171	877,259	735,537
Miscellaneous	281,838	448,403	329,028
Total Revenue	<u>18,965,784</u>	<u>18,894,265</u>	<u>17,638,768</u>
Expenditures:			
Current operating:			
Public safety and legal services	3,485,693	3,299,671	3,219,043
Physical health and social services	1,690,163	1,796,148	1,626,213
Mental health	2,369,247	2,512,673	2,498,244
County environment and education	802,725	828,358	691,064
Roads and transportation	4,497,799	5,367,095	4,228,892
Government services to residents	688,163	653,742	678,940
Administration	1,818,582	1,658,726	1,535,609
Non-program services	30,987	34,327	30,618
Capital projects	6,153,935	10,840,840	2,040,586
Debt service	873,411	715,927	509,805
Total	<u>\$ 22,410,705</u>	<u>\$ 27,707,507</u>	<u>\$ 17,059,014</u>

Modified Accrual Basis of Accounting			
2006	2005	2004	2003
\$ 7,644,707	\$ 6,143,980	\$ 6,196,074	\$ 5,454,921
37,104	33,112	40,775	38,396
7,901,142	7,713,338	8,172,221	7,249,579
6,055	5,175	4,275	2,795
699,440	777,224	717,906	743,788
518,913	323,391	242,520	408,525
286,407	210,448	370,249	117,132
17,093,768	15,206,668	\$ 15,744,020	\$ 14,015,136

3,126,912	3,147,273	\$ 2,906,463	\$ 2,282,799
1,042,077	990,082	986,694	1,223,510
2,260,765	2,170,728	2,174,660	2,289,533
692,525	623,028	609,362	714,627
4,526,135	3,962,119	3,970,872	3,744,588
879,206	842,863	541,941	444,305
1,580,779	1,525,308	1,414,469	1,356,819
24,175	19,498	19,223	-
1,495,322	1,756,346	3,529,355	5,024,516
474,141	473,816	473,041	465,286
\$ 16,102,037	\$ 15,511,061	\$ 16,626,080	\$ 17,545,983

**SIOUX COUNTY, IOWA**  
**Schedule of Findings**  
**For the Year Ended June 30, 2009**

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**Part I: Summary of the Independent Auditor's Results**

- (a) Unqualified opinions were issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

**Part II: Findings Related to the Financial Statements Reported in Accordance with Government Audit Standards**

**INSTANCES OF NON COMPLIANCE:**

No matters were reported.

There were no prior year audit findings.

**SIGNIFICANT DEFICIENCIES:**

**II-A-09 Financial Reporting**

Comment – During the audit, we identified material amounts of receivables, payables, and capital asset additions not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, payables, and capital asset additions are identified and included in the County's financial statements.

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.

**Part III: Other Findings Related to Required Statutory Reporting**

**III-A-09 Certified Budget – Disbursements for the year ended June 30, 2009 exceeded the amounts budgeted in the government service to residents and the debt service function.**

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will amend the budget when required in the future.

Conclusion – Response accepted.

**III-B-09 Questionable Expenses – We noted no expenditures that we believe may constitute unlawful expenditures from public funds as defined in an Attorney General's opinion dated April 25, 1979.**

**III-C-09 Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.**

**SIOUX COUNTY, IOWA**  
**Schedule of Findings**  
**For the Year Ended June 30, 2009**

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**Part III: Other Findings Related to Required Statutory Reporting – (Continued)**

- III-D-09** Business Transactions – Business Transactions between the County and County officials and/or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Micah Van Maanen, Employee Father is part-owner of VanMaanen's Radio Shack	Computer Equipment and Supplies	\$ 22,198

This transaction may represent a conflict of interest and the County should contact legal council for determination.

- III-E-09** Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. Township clerks are included in the blanket bond purchased by the County. Chapter 64.12 of the Code of Iowa requires that all bonds required of the township clerk be furnished and paid for by the township.

Recommendation – The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations. The County should seek reimbursement for the amount paid for the bond premiums for township clerks.

Response – We feel the amount each township owes is minimal and therefore, not worth the time it would take to figure and bill each township.

Conclusion – Response accepted.

- III-F-09** Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

- III-G-09** County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from the County operations and, consequently, is not included in these financial statements. Disbursements during the year ended June 30, 2009 for the County Extension Office did not exceed the amount budgeted.

- III-H-09** Joint Disaster Certified Budgets – Disbursements for the year ended June 30, 2009, exceeded the amount budgeted.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will amend the budget when required in the future.

Conclusion – Response accepted.

- III-I-09** Resource Enhancement and Protection Certification – The County properly dedicated enough property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

- III-J-09** Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.





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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND OTHER MATTERS  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors  
Sioux County, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of SIOUX COUNTY, IOWA as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated February 2, 2010. We conducted our audit in accordance with U.S generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Compliance and Other Matters:***

As part of obtaining reasonable assurance about whether Sioux County, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

***Internal Control Over Financial Reporting:***

In planning and performing our audit, we considered Sioux County, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sioux County, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sioux County, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be significant deficiency.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control

deficiencies, that adversely effects Sioux County, Iowa's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Sioux County, Iowa's financial statements that is more than inconsequential will not be prevented or detected by Sioux County, Iowa's internal control. We consider the deficiency in internal control described in the accompanying Schedule of Findings as item II-A-09 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Sioux County, Iowa's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is a material weakness.

Sioux County, Iowa's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Sioux County, Iowa's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the Board of Supervisors, employees and citizens of Sioux County and other parties to whom Sioux County may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Sioux County during the course of our audit. Should you have any questions concerning any of the above matters we would be pleased to discuss them with you at your convenience.

*Williams + Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
February 2, 2010